

# Kentucky Real Estate NEWS

A Publication of the Kentucky Real Estate Commission

## ***HOME INSPECTIONS: Why They are So Important***

Each month, the Commission reviews several complaints that possibly could have been avoided if a home inspection had been conducted. Although there is not a specific Kentucky statute or regulation in the licensing laws concerning home inspections, the Commission **strongly encourages** licensees to insist that buyers receive a home inspection. Not only is a home inspection the buyer's best protection, but it also protects the licensee and the seller from potential lawsuits. If the buyer does not want to have a home inspection, it is advisable to have the buyer waive their right to a home inspection **in writing**. Two types of inspections are generally necessary -- a whole-house inspection and a wood-destroying insect inspection.

In Kentucky, home inspectors are not licensed or regulated by a state agency. However, home inspectors can be members of private home-inspection associations. The Kentucky Real Estate Inspection Association (KREIA) is one certifi-

cation group. Their members must pass a written test, perform a minimum of 100 fee-paid inspections and take 15 hours of continuing education annually. For more information, you can logon to their website at [www.kreia.org](http://www.kreia.org). There is also the National Association of Home Inspectors, Inc. (NAHI). You can locate a home inspector in their nationwide database by logging on to their website at [www.nahi.org](http://www.nahi.org). The American Society of Home Inspectors (ASHI) also requires that home inspectors pass an exam and complete supervised home-inspection tests. Their members must have also completed at least 250 home inspections and are required to take continuing education courses. To find out more information about ASHI members, please logon to their website at [www.ashi.com](http://www.ashi.com).

It is also a good idea to recommend that your buyers and sellers be present during the home inspection. The seller can often assist the home inspector and the buyer can learn

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## Comments from the Chair

by: **Betty J. Kaiser,**  
Chair



**L**icensees often write to the Commission asking for legal interpretations of the license laws. Usually, these requests come after a new or unique situation has arisen. As an administrative agency, the Commission is charged with the duty of interpreting the license laws.

I thought this column would present a good opportunity to inform the licensees throughout the state about interpretations that the Commission has recently handed down, in case these situations should arise in your area.

First, we recently issued a ruling on KRS 324.160(4)(p), the statute that governs contacting a seller or buyer who has an exclusive agreement with another broker. The Board of Realtors® Code of Ethics and the license law differ slightly in regard to this situation. Nevertheless, the license law always trumps the Code of Ethics. Even if there is a difference, you must follow the law.

The Commission determined that you may **not** contact a seller who you know has a listing or a buyer who you know has a buyer broker agreement. If a buyer or seller contacts you to discuss working with them once their current agreement expires, you may tell that consumer what services you provide and how much you charge for those services. You may also schedule an appointment to meet with them once the listing or brokerage agreement has expired. You may **not**, under any

circumstances, discuss the other company's services or encourage or counsel the consumer to breach that agreement. Such statements would touch upon antitrust, contractual and license law violations.

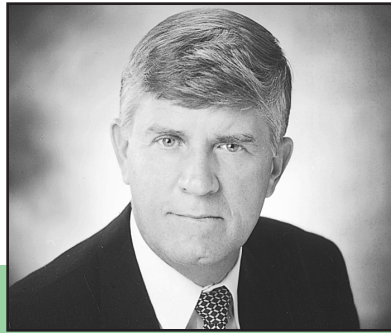
Along these same lines, the Commission also recently discussed targeted marketing. The Commission ruled that a broker cannot send targeted marketing about his listings to individuals who have their homes listed with another broker. This is true even if that marketing has a disclaimer that indicates that the broker is not trying to obtain the business of the seller but is just trying to let the seller know of properties that are on the market for possible purchase. The Commission determined that this type of marketing could also touch upon a violation of KRS 324.160(4)(p).

We also recently discussed regulation 201 KAR 11:095, which states that a "broker" must supply a credit and debit style closing statement if the settlement agent does not provide one to the clients or customers. The Commission determined that, in that event, the principal broker must be the one to complete the closing statement, but the sales associate may deliver it on behalf of the broker to the clients or customers.

Please keep an eye on this column in upcoming issues to learn about other pertinent topics that may be ruled upon in future months. If you ever have a question, please write to us for an interpretation.

# From the Director's Desk

by: **Norman Brown,**  
Executive Director



## *Website Update*

In the past few weeks, we have added numerous items to our website that may be helpful to you and your clients. Please look these documents up and review them so you will be familiar with all the available resources when you need them.

The first new item is entitled "What You Need To Know About Buying and Selling Real Estate." This can be found in the General Information section of our website. This document outlines several common areas of concern for buyers and sellers of real estate, including Megan's Law, stigmatized properties, RESPA, predatory lending, the need for surveys and inspections, the Truth in Lending Act, "time is of the essence," and the like. This is an excellent resource to give your buying or selling clients. Once consumers are more educated about the issues surrounding their sale, they may be better equipped to ask the right questions of you, their agent.

Our General Counsel, Lee Harris, and I will be travelling around the state to educate buyers and sellers on these types of issues. In addition, a representative from Kentucky Housing Corporation (KHC) will be presenting with us to give consumers information about KHC's loan products and services. We hope this brochure and these seminars will encourage more people to buy homes and will produce more knowledgeable buyers and sellers.

Second, Ms. Harris has placed

numerous examples of contractual clauses on our website that may come in handy when you are drafting contracts or addenda. These clauses include back-up offers, disclosure of your status as a licensee, a contingency for a buyer to sell a home, a contingency for a seller to purchase a home, a waiver of the right to a home inspection, disclosure of an interest-bearing escrow account, "as is" language, and more. Please feel free to use these clauses when necessary. Licensees are oftentimes called upon to draft legal language, which may push you into the unlicensed practice of law. If you use these clauses, you may avoid liability.

Third, we have placed an article about buyer's agency on the website under the Legal section. Buyer's agency requires different duties than seller's agency in many instances. This article provides several steps that you should follow to ensure that you are representing the buyer to the fullest extent.

Finally, there is an article that outlines all of the statutes and regulations governing print advertising. (Internet advertising laws are different at this point.) You can print out this article and use it to review the legality of your print ads. If you still have questions, you can always e-mail, fax or mail your advertisements to the legal staff and they will review them for you prior to publication.

We are constantly striving to improve our services to you, so, if you can think of any other items that we could provide, please let us know.

## Mobile Home Sales

The law regarding the sale of mobile homes that are not attached to real property has changed. Real estate licensees **CAN** now sell these mobile homes without the need for a dealer's license, so long as they act only as a negotiator and do not take title to the mobile homes.

## Newly Revised Core Course Begins in January

An all new Kentucky Core Course will be unveiled in 2003. This will mark the beginning of the second four-year cycle of the course. Those licensees who will be required to take the Core Course in 2003 will receive a courtesy postcard reminder in the mail some time in January of 2003.

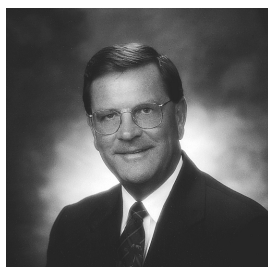
The new program contains modules on Agency, Contracts, License Law and Fair Housing. This year, a new section entitled "State and Federal Laws" will be included. New pre-tests, course activities, case studies and risk-reduction tips have been included. The instructors have been trained and are excited about the revisions. Let us know how you like the new format.



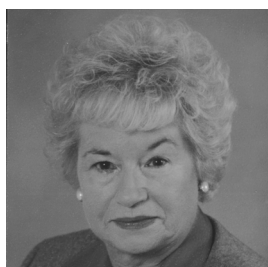
## Commissioner's Corner



Betty J. Kaiser



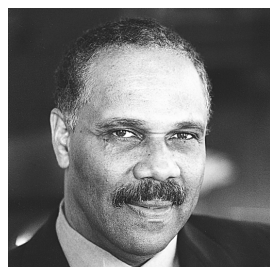
Arvel J. McMahan



Sue Teegarden



Bob Roberts



Ron Smith

## 2003/2004 Renewal Reminder

- 1) All licenses, including active and escrow, expire on March 31, 2003 and must be renewed by that date.
- 2) Escrowed licensees will receive a postcard in the mail around the end of February 2003. Simply fill out the card and mail it back to the Commission with a check for \$50.00 if you are a sales associate and \$55.00 if you are a broker.
- 3) Active licensees must renew through their principal brokers. Check with your principal broker for the renewal amount due.
- 4) Principal brokers are required to renew for all active licensees affiliated with their companies. Only one check per company is accepted.
- 5) Errors and omissions insurance applies to active licensees only. Licensees can choose to be covered under the group policy or private coverage.
- 6) Late renewals will be assessed a penalty of \$100.00. After May 15, 2003, the penalty increases to \$200.00. If you renew late, you are unlicensed and cannot practice real estate during that time.
- 7) Licensees who also have an appraisal license will have the option of choosing an endorsement to cover their appraisal activities.

**THE COMMISSION ONLY ACCEPTS CHECKS OR MONEY ORDERS**

## Continuing Education Suspensions

The following individuals were suspended for a six-month period beginning September 1, 2002 for failing to complete the requirements of the Continuing Education Delinquency Plan for 2002.

Nicholas Arambasick, Danville  
 Karen Brockman, Lancaster  
 Sandra Brown, Louisville  
 Tonie Buckner, Louisville  
 Mark Calloway, Louisville  
 Reza Danesh, Paducah  
 Karla Darnall, Lexington  
 Tracy Duffy, Clarksville  
 Casey Eisenback, Louisville  
 Cheryl Foster, Sparta  
 Tina Gadd, Florence  
 Tyrone Gamble, Clarksville  
 C. Whitfield Hamilton, Cedar Hill  
 Rufus Hansford II, Greensburg  
 Tracy Kinder, Owensboro  
 G. Hunter King, Louisville  
 Marcie Kinman, Dry Ridge

James G. Maddox, Russell  
 Kirk Mann, Ft. Branch  
 Marcia Martin, Chattanooga  
 Angela McKinney, Aberdeen  
 Helen McVicker, Blue Ridge  
 Joseph Minor, Lexington  
 Constance Mitchell, Clarksville  
 Mary Beth Patton, Ashland  
 Sidney Robinson, Grayson  
 Michael Rogers, Shelbyville  
 Laura Roppel, Louisville  
 Clay Shelton, Bowling Green  
 Edward Stephens, Chattanooga  
 Jason Stockton, Clarksville  
 Anita Trimble, Lexington  
 Jessica Ulery, Lexington  
 Graci Vise, Taylor Mill

## COMMERCIAL BROKERAGE

By: *Lee B. Harris,*  
*General Counsel*

The Commission recently placed two important memoranda on our website. These memos address unlicensed brokerage and payment of fees or rebates to unlicensed people.

### ***Unlicensed Brokerage***

If you are ever in a situation in which you are dealing with an out-of-state broker who is not licensed in Kentucky, you can use these documents to assist in explaining to that broker that Kentucky law does not allow such representation. Likewise, Kentucky law does not allow payment of any rebates or fees to unlicensed entities or individuals.

Kentucky is a "turf" state. This means that anyone who practices real estate, commercial or otherwise, within this state must be licensed in this state. Moreover, unlicensed brokerage is a crime in Kentucky. If prosecuted, this crime carries very stiff penalties, such as fines, impris-

onment and disgorgement of fees earned.

If you question the out-of-state broker's licensure I suggest that you ask for a copy of his or her Kentucky broker's license for your records. If he or she does not have one, then you can use these documents to explain our licensure requirements.

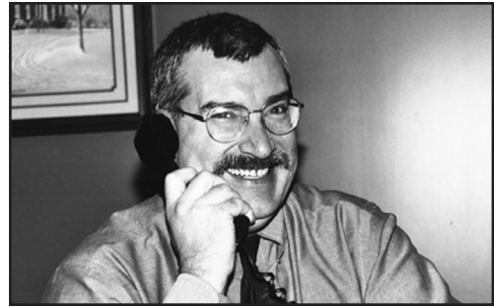
### ***Illegal Rebates or Fees***

Kentucky is not a "cash-back" state. Sometimes, unlicensed clients want you to rebate them a portion of your fee or pay them a referral fee. The second memo addresses this issue. Such payments are illegal in Kentucky. This memo will help you explain that to your clients.

Once an out-of-state broker refers a client to an in-state broker, that in-state broker must actually handle all aspects of the transaction that would constitute brokerage. This includes, for example, showing the properties, negotiating the contracts and seeking the Requests for Proposals.



## STAFF SPOTLIGHT



On September 1, 2002, Wade Helm was hired as the Commission's staff attorney. We are very pleased to have him on board.

Wade was born and raised in Louisville in a real estate family. He became licensed at age 18 to sell and build houses for his father, Tom Helm.

Wade graduated from Princeton University in 1979 and obtained his law degree from the University of California-Hastings in 1985.

Wade was first admitted to practice in the District of Columbia and began clerking with a variety of large litigation firms, including former U.S. Senator Marlow Cook's firm. He returned home to Kentucky and worked in Frankfort as a staff research attorney. He went into solo practice in the late 1990's in Louisville and most recently served as a legislative agent for the Kentucky Conservation Committee during the 2000, 2001 and 2002 legislative sessions. In that capacity, he served on two subcommittees (transportation and planning) of the Governor's Smart Growth Task Force.

Wade enjoys volleyball, walking, horse-racing and cheering on the University of Louisville Cardinals. He currently lives in LaGrange with his wife, Dunnaree, and stepdaughter, Cecilia, age 5.

## INDUSTRY EXPERT COLUMN

# Solving Home Inspection Problems: It's All in the Expectations

By: *John Borders and  
Harry Borders  
Borders & Borders, PLC*

Most failed contracts to purchase and sell real estate fall apart in the home inspection process. One of the biggest reasons for this is a lack of understanding on the part of the buyer and the seller as to the purpose of the home inspection. Real estate agents on both sides of the transaction can help to minimize the number of contracts that end at the inspection phase by educating their respective parties about what to expect with a home inspection.

The purpose of the home inspection is to identify current problems with a piece of property and to educate buyers about potential future problems. For example, the Greater Louisville Board of Realtors® Sales and Purchasing Contract, in paragraph 11 (B)(3), sets the standard for which items can be requested to be repaired, corrected or replaced: those which are not up to their "standard operating condition, considering the quality, age, and value of such items." (Other Boards of Realtors® use similar language in their inspection clause.)

The first conversation an agent should have with his or her client is that the contract does not allow the buyer to request items to be repaired if they are cosmetic, such as painting walls, cleaning carpets, *etc.* Nor does the contract allow the buyer to request that items be upgraded (such as adding a railing or HVAC system where one doesn't currently exist). And the agent should make sure the client understands that items which are not up to code but which otherwise are not broken or dangerous (such as smoke detectors which are not hardwired) cannot be the subject of a request for repairs.

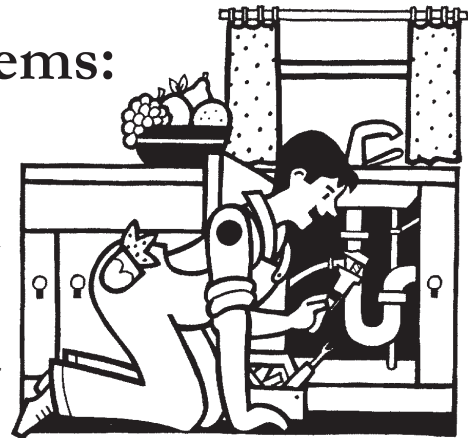
Home inspections can be great tools

for buyers to discover what kinds of maintenance they should expect in the future. Finding out the life expectancy of a roof, for example, can be good information for a purchaser to obtain in order to know how to budget for future expenditures. But the purchaser should be told from the outset that these kinds of possible or even likely problems are not the kinds of things that a buyer should expect a seller to address.

Many purchasers enter into the home-inspection process expecting to find, after all repairs are made, a near-perfect house. The real estate agents would do well to instruct their buyers from the outset that this kind of expectation is not only unrealistic but it's contrary to the wording of most contracts. Indeed, it's contrary to what Kentucky law would allow a buyer to expect from a seller.

A somewhat simplistic but effective way to approach the issue of whether an item is not up to its standard operating condition is to assess whether an item is "broken" or "dangerous." Something which is broken or dangerous is clearly within the scope of allowable inspection requests. Being "broken" doesn't mean that something could simply be better; rather, it means that there is something wrong with the item. For example, the fact that a roof is 20 years old and has a life expectancy of 2 years doesn't mean that it's broken; therefore, it is not the proper subject of a repair request. Of course, if the life expectancy is less than usual because of, say, hail damage, then a request for repairs is appropriate. The one exception to this "broken" standard, however, is that cosmetic items which are broken are still not the proper subject of a repair request.

If an item is deemed "dangerous" by a home inspector, it can be requested to



be repaired regardless of whether it would also constitute an upgrade or a request to bring it to code. For example, if the inspection reveals a high level of mold, it would be allowable to request a repair. A level of radon which exceeds the EPA standards would be another example of an item which is the proper subject of a home inspection because of the potential danger of the situation.

If the real estate agents will educate their buyers and sellers about which types of requests are reasonable and which are not, it would make it more likely that the parties would enter into the inspection phase with expectations commensurate with the language of the contract and Kentucky law. But if these concerns are not addressed from the outset (and before the contract is signed), then it will not be surprising when the parties cannot reach a meeting of the minds with regard to which items will be repaired or replaced. And that means that more contracts will fall apart, more effort will be spent on trying to get proper releases, and more parties will end up hiring attorneys to get them out of, or to enforce, the contract which they thought they understood when it was signed. Most parties are impressionable when they are entering into contracts because it's not something they do every day. Agents should use this opportunity to set reasonable expectations about what a home inspection is all about.



# ***More Information on Home Inspections***

*By: Betty J. Kaiser, Chair*

Serving on the Commission has given me the opportunity to observe various problems that happen during a real estate transaction. We receive many complaints regarding property home inspections or, I should say, the lack thereof. Most of the claims are concerning misrepresentation, including wet basements, deteriorated roofs, plumbing, electrical and structural defects, termite damage, etc.

The Commission developed the Seller's Disclosure of Property Condition form to limit our licensees' liabilities. However, if the licensee does not recommend or **insist** upon a home inspection, the liabilities are greater against the licensee.

Many of the complaints involve buyers who chose not to pay for an additional inspection of any kind. Then, after possession, they file their complaints requesting reimbursement for the problems. Next, the complainant claims it was the licensee who misrepresented the property.

A clear solution to this situation is very simple: all licensees should be using a separate waiver form when their buyers decline a home inspection. Below is an example of a Home Inspection Waiver Form. I encourage you to cut this out and always use this form if your buyer refuses to have a home inspection. This form is also available on our website at [www.krec.net](http://www.krec.net) under the "Examples of Contractual Clauses" in the Legal Information section.

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Approved by the Kentucky Real Estate Commission  
November 2002

## ***Home Inspection Waiver Form***

I/We the buyer(s), \_\_\_\_\_, hereby acknowledge(s) that we/he/she has/have been advised by our/his/her real estate agent, \_\_\_\_\_, of real estate company, \_\_\_\_\_, to obtain a \_\_\_\_\_ (whole-house home or termite or other wood-destroying insect) inspection. The buyer(s) hereby waive(s) our/his/her right to such an inspection against the advice of his/her real estate agent or broker and agree(s) to hold harmless the real estate agents or brokers involved in this transaction for any repairs or defects that could have been uncovered by such an inspection.

Date \_\_\_\_\_

Time \_\_\_\_\_ a.m. or p.m.

Signature of Buyer \_\_\_\_\_

Signature of Buyer \_\_\_\_\_

# DEALING WITH STIGMATIZED PROPERTIES

By Lee B. Harris, General Counsel

A “stigmatized property” is one that has a stigma based upon the happening of some event or some fact relevant to the property, such as murder, suicide, violent crime or the presence of ghosts. There is no specific law in Kentucky dealing with stigmatized properties; therefore, it is sometimes difficult for a seller and/or a seller's agent to know how to handle a potentially stigmatized listing.

Generally, any defect with a property must be disclosed under KRS 324.160(4)(b). The stigma could, in essence, become a “defect” that needs to be disclosed. The test, then, is not whether one of these events or facts has occurred but whether the property is in fact “*stigmatized*” because of it. In most cases, the property will likely not be stigmatized. What's more, most buyers will not care about the history of the property and will only be concerned about the structural or physical defects in the property. Nevertheless, you should still be cautious because there are some potential buyers who may care.

The trick is to determine whether there is a stigma that would affect a buyer's decision to buy. For example, you may be asked to list a house where a murder took place 25 years ago. In this particular neighborhood in this particular town, no one remembers this murder and no one ever talks about it. This house is probably not stigmatized. By the same token, you could be asked to list a different house where a murder took place 2 years ago. In this particular neighborhood in this particular town, the house is infamous for the violence that occurred there. Neighbors have been heard to remark that they would never live there because the house is too tainted by its history. This house may indeed be stigmatized.

Each listing has to be assessed on a case-by-case basis. There is no way to make a standard, across-the-board statement regarding stigmatized properties that would apply in all instances. The best I can do is to give you some rules of thumb that I advise licensees to go by.

If the crime or suicide has occurred recently (*i.e.*, within one year) or if it is the very reason the seller is moving,

you need to sit down and have a frank talk with the seller about disclosure. If you both agree on how to handle the issue, whether it is to disclose or not, then you can proceed accordingly.

If the seller tells you that the house is haunted - which is a very common occurrence - you need to have a similar conversation about stigma. Has the seller publicized to anyone who will listen that he lives in a haunted house? Has the house been on television at Halloween? Has the seller actually had an experience or an encounter with a ghost? This may sound frivolous, but there are actual cases involving haunted houses and we receive calls about this quite frequently. Some buyers do not believe

in ghosts, so they will not be concerned about this issue. On the other hand, you may have a buyer who believes in ghosts and does not want to live in a house with them.

The fact of the matter is that the buyer will probably find out about any issues surrounding the property on the day he moves in. When the neighbors come over and say: “Isn't it horrible about the gruesome murder that happened in your new house?,” how will the buyer feel? If the seller has disclosed, the buyer will answer politely and move on. If this is the first time the buyer has heard about any murder in his new

home, he may start wondering what else was not disclosed about his new home.

There are also different issues to consider when dealing with a small town versus a large city. In a small town, most people will already know if something horrendous has occurred or if your listing is purported to be “haunted.” In a large city, people may not know about the goings-on at a specific home unless it has recently been splashed across the front-page of the newspaper. You cannot assume even then that all potential buyers have seen the news.

What the licensee and the seller must discuss is how pertinent the revealed fact will be to the next owner. Always work on the assumption that the buyer will find out the first day he moves in, and you will probably come up with a solid solution to the question of disclosure.





# INDUCEMENTS AND REBATES ARE *ILLEGAL* IN KENTUCKY

By: *Lee B. Harris,*  
*General Counsel*

Inducements and rebates are illegal in Kentucky. It is as simple as that.

Under KRS 324.160(4)(l), a licensee may not solicit, sell or offer real property for sale under "a scheme, or program that constitutes a lottery, contest or deceptive practice." In addition, under KRS 324.160(4)(m), a licensee may "not offer prizes for the purpose of influencing a purchaser or prospective purchaser of real estate." Finally, under 201 KAR 11:121, Section 1(2), it is improper conduct for a licensee to "offer, either through advertising, direct contact or by others, to the general public, any prize, money, free gift, rebate or any other thing of value, as an inducement."

Even though the law is very strict - in fact, it is one of the strictest laws in the nation - the Commission still receives numerous examples of illegal inducements or evidence of illegal rebates on a weekly basis.

A few years ago, the Commission proposed to eliminate this law from the books. The overwhelming response from those licensees who responded was to keep the inducement and rebate laws as they were. Without support of the licensee community, the inducement law amendment was removed from the proposed bill.

This means that the inducement laws are as strict as they have always been. It means also that the Commission must enforce these laws. There is information about the inducement and rebate prohibitions in pre-licensing courses, in the Kentucky core course and in other continuing education courses. The Commission has published several disciplinary notices relating to cases in which a licensee violated the above-referenced laws. Nevertheless, this continues to be perhaps the most violated and most misunderstood law under the Commission's jurisdiction.

Here are some basic parameters of the laws.

It is illegal to offer your client any money or gift in order to induce them to work with you. It is not illegal to negotiate a reduction in your commission prior to receiving your commission monies in your hand. It is also not illegal to publicize the fee you will charge for your services or to offer a "special" on your commission rate, so long as the advertisement is clear about how one could qualify for the special (and you can prove that it really is a "special" rate). It is not illegal to advertise that you will take no commission or that you will reduce your commission after so many days, so long as you continue to market the property effectively and diligently regardless of the rate you will ultimately receive.

It is illegal to offer any prize to a

consumer through your newsletter, at a trade show or on your website. It is not illegal for a seller of property to offer a prize or bonus to a buyer's agent who sells his home, so long as the money or gift is paid to the principal broker and not to the agent. In addition, it is not illegal for a seller to offer some type of inducement for individuals to visit or purchase his home. License laws apply only to licensees. However, if your client wants to offer such an inducement, it must be made absolutely clear in all advertisements that it is indeed the seller, and not the licensee, who is offering the gift or money. Moreover, the seller must actually pay for the item himself.

Furthermore, it is illegal to offer your client a percentage of your commission back after closing. This is called a rebate. Once the money is paid to you, it is your money, and it cannot be split or shared with any unlicensed people or entities.

Please call me if you ever have a question.





# Disciplinary Actions



**DENNY MOORE** (South Williamson) Case No. 02-0020  
**Violation:** Mr. Moore was found in violation of KRS 324.160(4)(j) for being convicted of a felony while holding a Kentucky real estate broker's license.  
**Disposition:** Mr. Moore agreed to accept a formal reprimand from the Commission and to attend twelve (12) hours of continuing education within one (1) year of the Commission's Final Order.

**FRED F. KHAYAT** (Lexington) Case No. 02-0032  
**Violation:** Mr. Khayat was found in violation of KRS 324.160(4)(j) for being convicted of a felony

while holding a Kentucky real estate sales associate license.  
**Disposition:** Mr. Khayat agreed to take twelve (12) hours of continuing education in addition to any hours already required by law. The twelve (12) hours are to be completed within one (1) year of the Final Order. Mr. Khayat also agreed to a sixty (60) day suspension of his real estate license from the date of the Commission's Final Order. After suspension, Mr. Khayat's license will be placed on probation for a period of one (1) year.

**LANCE M. HIEMSTRA** (Eddyville) Case No. 02-0066  
**Violation -** Mr. Hiemstra was

convicted of a felony while holding a Kentucky real estate license. Mr. Hiemstra sent a letter indicating that he did not want to defend his case or maintain his real estate license after his release from prison.  
**Disposition:** Mr. Hiemstra agreed to be voluntarily barred for life.

**MARIAN COX** (Prospect) Case No. 02-0010  
**Violation:** Unbeknownst to Ms. Cox, a commission that was suppose to be paid to her was paid to her husband rather than her principal broker.  
**Disposition:** Ms. Cox agreed to be voluntarily barred for life.

## Commission Elects Betty J. Kaiser as New Chair

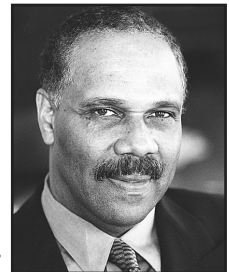


On October 17, 2002, the Commission unanimously voted Betty J. Kaiser as the new Chair. Ms. Kaiser is currently serving her second term as Commissioner. She was first appointed to the Commission on October 1, 1997.

Ms. Kaiser is a broker with Prudential, Parks & Weisberg of Louisville. She has taught real estate courses, won many real estate awards, was the past President of the Women's Council of Realtors® and has served in numerous capacities for the Greater Louisville Association of Realtors® and the KAR.

Ms. Kaiser lives in Louisville with her husband, Jack. They have three children and five grandchildren.

## Gov. Patton Reappoints Ron Smith as Commissioner



On October 2, 2002, Governor Patton reappointed Ron Smith to a second term as Commissioner. Mr. Smith was originally appointed in November of 1998.

Mr. Smith is principal broker of Ron Smith Realty. He is an active member of the Greater Louisville Association of Realtors® and the Kentucky Association of Realtors®. He is also a member of the National Association of Real Estate Brokers and the Association of Real Estate License Law Officials. He is an active member of the West Chestnut Street Baptist Church.

Mr. Smith lives in Louisville with his wife, Shirlee. They have five children and five grandchildren.

# 4th ANNUAL HALF-CENTURY AWARDS

The Commission held its 4th annual awards ceremony honoring licensees who reached the fifty-year mark. The ceremony was held at the Louisville Marriott East Hotel on October 17, 2002. There was a special appearance by State Auditor, Ed Hatchett, Jr. Auditor Hatchett assisted former Chairman Jerry McMahan in handing out the awards to the attendees. Auditor Hatchett praised the recipients, both past and present, for this prestigious award.

After a wonderful breakfast buffet, the attendees were treated to a historical perspective by honoree Lewis Bass. Mr. Bass also impressed the crowd with some of his special magic tricks.

During the awards ceremony, special recognition was given to Ms. Helen Miller. Ms. Miller, at 97, is the oldest living licensee on file. She can be seen in the picture to the right.

The Commission looks forward to this event every year and we again want to congratulate all of the honorees. Your dedication to the real estate industry is greatly appreciated.

On a sad note, the Commission extends its deepest sympathy to the family of Edwin Montgomery. Mr. Montgomery, who was honored at the ceremony, passed away on October 18, 2002.



Pictured front to back, left to right: Lewis Bass, Bettie Graves, Burton Stevens, Jr., Aaron Chase, Helen Miller, Charles Durham, and the late Edwin Montgomery.

Licensees unable to attend were: Donald Dott, George Gehrig, Sr., Larraine Kimbrell, William Ridge, Jr., Edwin Scott, Shelby Shanklin, Jr., Robert Thieneman, Sr., Ralph Waldrop and Charles Weisberg

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## HOME INSPECTIONS

Continued from Page 1

valuable information about the property. It is also a good idea to ask the home inspector for copies of some recent inspections. The styles of reporting vary from home inspector to home inspector. Some reports are hard to understand and some do not go into much detail.

If a deal falls through because of a defect revealed by a home inspector, the seller must update the Seller's Disclosure of Property Condition form. Once the seller is aware of a problem, he/she should disclose the defect(s) to any other potential buyers. Licensees are responsible for ensuring that their clients disclose all known defects. Any changes to the form should be initialed by all parties and dated and timed.

Typically, the home inspection clause just gives the buyer the right to negotiate repairs or cancel the contract. In most cases, the seller can either repair the problem or credit the buyer for the cost of fixing the problem.

In closing, home inspections benefit everyone involved in the sale of a home. They protect the buyer, the seller and the licensees involved and cut down on lawsuits and complaints before the Commission. You, as a licensee, cannot be a guarantor that a property is in good condition and that there are no defects. A thorough whole-house inspection along with a wood-destroying insect inspection is the best way to guard against property defects coming back to haunt all parties involved in the transaction.

**(Please see pages 6 and 7 for additional articles on home inspections.)**



# R E M I N D E R S

When corresponding with the Commission, it is imperative that you use your name as it appears on your license (not a nickname). With over 25,000 licensees in our database, it is extremely common for licensees to have the same name. It is also a good idea to use your middle initial and always put your current home address for reference on any correspondence. This will ensure that your license is updated and that there is not any confusion as to who you are.

When advertising property, licensees must remember that the name of the real estate company or the principal broker's name MUST appear in every advertisement. The only exception to this rule is if you are a licensee advertising your own, unlisted property. If you are the listing agent and your sellers want to advertise their own property, you should instruct them to include the name of the listing company or the name of the principal broker in all advertisements.

ALL active licensees (except those who were licensed in Kentucky prior to June 19, 1976) are required to take six (6) hours of continuing education by December 31, 2002. Remember that three (3) of the six (6) MUST be in real estate law. Licensees with a birth month of October, November and December must have completed the Kentucky Core Course by December 31, 2002. For a complete list of Approved Course Providers, please refer to our website.

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The Kentucky Real Estate  
Commission will be closed on:  
December 24th & 25th  
(Christmas Day)  
December 31st & January 1st  
(New Year's Day)  
&  
January 20th  
(Martin Luther King, Jr. Day)

**Merry Christmas  
Everyone**